

Dancik dares to be different

ENGINEERING SOLUTIONS FOR A SPECIALIZED CLIENTELE

By Steven Feldman

CARY, N.C.—There are a myriad of software providers to the floor covering industry, most operating under the same business model: streamline accounting and ordering, and now B2B. And then there is Dancik International. For years the company had built its reputation on focusing on the distributor, but today it serves every faction of the channel with a quality-not-quantity, Neiman Marcus-like approach.

“We see ourselves as the largest software company that specializes in flooring,” said Mitch Dancik, president. “Of this industry’s \$19-plus billion [in wholesale], \$6 billion goes through our system. We only do a little business with the large carpet mills, but we represent half the total hard surface business.” This despite having only 135 customers compared to the leading store-focused software vendors with more than 1,000 customers.

Of course, in this case size does matter. Dancik claims 29 of its customers do more than \$100 million in revenue and another 30 do between \$50 million and \$100 million. He estimates his customer base is a 50/25/25 split between distributors, manufacturers and large retailers.

“Our market view is different,” Dancik said. “We are selling to retailers who are either too big for the other available solutions, or have an unusually keen focus on inventory, logistics and operational efficiency. Our customer, regardless of his current sales volume, is the person who sees himself as running an enterprise, not stores; a business that needs a professional software company that can meet challenging requirements and program to its specs when needed. We sign you today with the intent of keeping you a customer forever,” although Dancik admits that in any given year new customers are a very small percentage of its business.

But its customer base is just one differentiator. Dancik’s overall philosophy is what truly sets it apart. “We are an engineering company that engineers and sells flooring systems,” Dancik said. “Most of the other software companies are sales companies that create a product based on what they feel the industry needs.” In illustration, Dancik employs a bunch of software engineers but just one salesper-

son, Tony Thomas, its vice president of sales.

Dancik admits his system is not for everyone. First, the price tag, which includes hardware, software, implementation, training, maintenance, hotline and updates, is “somewhere north of \$80,000 at entry level.” That can be four times the competition, eliminating many potential buyers. (Actual cost is tiered based



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on revenue.) “If all you’re concerned about is how well a system takes an order at point of sale, Dancik is not for you,” he said. “We make a product that only gets qualified companies to buy. We turn down business if we don’t feel it’s the right fit.”

Aside from the basics, Dancik shows how a company can make money. “Most retailers don’t understand how to run a high-volume, low-margin business. They have no idea how a big distributor can make money on a 4% margin to Home Depot. Most retailers can’t imagine how to make money on 11%, 15%, and luckily most work on healthier margins.

“You wake up with either a logistical focus or a sales and product focus. Much of our focus is on the logistics, where you look at computer screens knowing exactly how you made a half-point more, and where you can make as much money on containing costs as on sales.”

So what do you get for the \$80,000-plus fee? According to Dancik, the significant difference from the more popular, less expensive solution sets is the level of training and commitment. Training spans a six-month time frame, and only if Dancik deems the customer ready will it certify them to go live. Then Dancik remains on site for the first seven days and remains actively engaged thereafter. “Our goal is that even after many years, the customer still enjoys the value he gets from our continued support.”

System highlights

- Inventory selection automation. No order entry person ever has to select a piece of carpet or shade of tile, Dancik said. The system will manage what comes from stock, what gets transferred, what gets purchased from the mill. There is no human intervention. “The system knows all the rules that the owner of the

business has taught it.

- State-of-the-art warehouse management system. Without a single piece of paper, a handheld unit can provide a warehouse person with a directed work flow. “It knows how to build a tile palette—pick the 18 x 18 first, then 12 x 12, etc. Guys with a wrinkled piece of paper don’t always know this stuff.” It can also automate quarantine areas for FSC-certified wood.

- Claims management system. This module ties the retailer to the distributor to the manufacturer with a directed work flow. Ten steps begin with acknowledgement of the claim and tracks the progress all the way through resolution. Included are invoice numbers, the purchase order that went to the manufacturer, the color, the quantity, the price, etc.

- Selection sheet manager. This component manages high-end showroom sales, including appointment follow-up and CRM. “It tracks every customer who walks through the showroom, including everything they have selected. It also tracks related parties to the sale, such as the referring design company, realtor, builder, etc., and integrates it into the order processing system. So when the customer finally makes up her mind, all you have to do is push one button.”

- Logistics management capabilities. This includes truck loading, and inbound and outbound truck routing. “It also can manage containers in vessels on the sea.”

- Trip and promotions management. This module easily keeps track of points and dollars earned by retailers toward manufacturer or distributor-sponsored trips.

- Sophisticated pricing and commissioning. Retailers can base salesperson commissions on sales, margins or how much they discount off the store price. “Flexible yet automatic pricing for our retail and distributor clients is the difference between making and losing money. They can tie that back to any referring parties, so that everyone is taken care of.”

- The basics, like accounting, ordering and inventory management, and a full range of add-on modules to automate a Web site, integrate with UPS and FedEx shipping systems, integrate with carriers, and manage B2B.

For further information, visit www.dancik.com.